

**Needham Finance Committee
Minutes of Meeting of January 18, 2017**

The meeting of the Finance Committee was called to order by Chair Rick Zimbone at approximately 7:00 pm in the Selectmen's Chambers at the Town Hall.

Present from the Finance Committee:

Rick Zimbone, Chair; Richard Reilly, Vice Chair;

Members: Barry Coffman, John Connelly, Tom Jacob, Ken Lavery, Louise Miller, Carol Smith-Fachetti

Others present:

David Davison, Assistant Town Manager/Finance Director

Richard P. Merson, Director, DPW

Robert A. Lewis, Assistant Director, DPW

Rhainhardt F. Hoyland, Highway Superintendent

Edward Olsen, Parks and Forestry Superintendent

Greg Smith, Superintendent, Recycling and Solid Waste Division

Chris Seariak, Supervisor of Water, Sewer and Drain Division

Anthony DelGaizo, Town Engineer

Carys Lustig, Supervisor of Administration

John Regan, Fleet Supervisor

Molly Ahearn, Administrative Analyst

Citizen Requests

There were no requests to address the Committee.

Approval of Minutes of Prior Meetings

MOVED: By Mr. Jacob that the minutes of January 11, 2017, be approved as distributed, subject to technical corrections. Ms. Miller seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0.

FY2018 Departmental Budget Requests:

Department of Public Works

Ms. Miller introduced the budget and showed the department organizational chart. She stated that there has been no change of staffing in FY17. She described the divisions within the DPW's General Fund budget. She stated that the General Fund reimburses the Sewer Division for drains-related work, and that the Water Division pays the Sewer Division for drains or sewer-related work. Ms. Miller stated that the RTS budget receives a subsidy from the General Fund which is increasing by \$42.5K in FY18. She stated that the DPW budget is lower in FY18 because the FY17 included one-time expenses totaling \$150K, and because there is no contract yet in effect for the 59 NIPEA union employees and therefore no cost-of-living adjustments

included for those positions. Mr. Reilly asked about the anticipated costs for salary increases in the new contracts. Mr. Davison stated that he expects that the new contract would not be greater than the sustainability requirements.

Ms. Miller described the biggest changes in the FY18 budget. The Highway budget includes an increase in contractual services for roads and sidewalk work. The Parks and Forestry budget includes increased costs for field maintenance supplies. The Fleet has some increases for additional equipment and to reallocate expenses to appropriate lines. Mr. Reilly asked whether there is any chance of costs of turf replacement will vary significantly since they are looking at different options. Mr. Olsen stated that they are just looking at different types of turf, but nothing dramatically different and the costs may not change much.

Ms. Miller stated that there is a DSR4 for 4 additional hours of street sweeping work. She stated that the downtown sweeping cannot be done during business hours so it is done after hours with overtime. Mr. Merson stated that this would allow street sweeping downtown twice as often. He stated that this would help with meeting NPDES requirements for phosphorus. Mr. Zimbone asked for an update on the streetscape project. Mr. Merson stated that they will finish Phase 1 in the summer, and need to be ready for the next phase in the FY18 budget. Mr. DelGaizo stated that the new NIPEA requirements will take effect on July 1, and Phase 1 will be completed on July 17. Mr. Connelly asked if additional equipment will be needed to address the new requirements. Mr. Merson stated that if the Town wants to manage the sidewalks, then new smaller cleaning equipment will be needed. He stated that there will be 5 phases of compliance over the coming years.

Ms. Miller stated that there is a DSR4 request for a school grounds program to provide additional maintenance at school fields. Mr. Olsen stated that this program will be a game-changer since there are students on the fields whenever there is no snow, so those fields need increased care. Mr. Zimbone asked what would be different in the applications. Mr. Olsen stated that they would be changing fertilizer because there have been complaints about the current program. Ms. Miller stated that there is another DSR4 for a heavy equipment operator for the Highway Division. She stated that she has requested additional information explaining the details of the request including how the additional requested hours will be allocated and the total number of hours needed to do the proposed work. She stated that she has questions about the savings, since there are many costs associated with additional people and it does not make sense to spend \$79K to save \$57K. Mr. Hoyland stated that the request is for 3 people to do 2,000 hours of work. He stated that it might reduce the overtime budget, but probably not.

Ms. Miller stated that there is a DSR4 for a debris management plan for \$62K. Ms. Miller suggested that this request could be more appropriate as a financial warrant article, rather than in the operating budget. She stated that she questions whether the consultant is necessary, and has asked for additional information. Mr. Merson stated that this would provide a plan for organized ways to address debris management and would be helpful for getting FEMA reimbursement. Mr. Reilly stated that the metrics for the Fleet section need improvement. He asked for an update on the NPDES work that was funded in a recent warrant article. Mr. DelGaizo stated that they had the first meeting with the consultant to go over the components of the permit. Mr. Connelly asked that the information coming should also address how the \$62K number was arrived at, and what the Town would get for that cost.

Mr. Zimbone asked about a trash summit that was mentioned in the Memorial Park Trustees' budget discussion. Mr. Merson stated that there was a recent meeting with the stakeholders from Memorial Park and the High School to get a better idea of the problems with trash pickup and to work on solutions. He stated that there will be a report. Mr. Zimbone asked if additional funding would be needed. Mr. Merson stated that it is possible, and that he should know if the next weeks or months.

RTS Enterprise Fund

Ms. Miller stated that the RTS has 8 NIPEA employees that do not have cost of living adjustments included in the budget. She stated that tonnage costs and tipping fees are increasing, and that recycling revenue is decreasing, though the Town has bid a favorable contract. Mr. Merson described a new proposed program that would collect food waste to keep it out of the other waste, and use it beneficially to accelerate decomposition of other materials. This would decrease waste disposal fees and gain some revenue at the same time. He stated that there is also a pilot program to address lawn watering issues.

Ms. Miller stated that there are 2 DSR4s for the RTS: a heavy motor equipment operator to manage the Packer truck and a Laborer. She stated that she has asked what is being done now to get the work done. Mr. Merson stated that not everything is done that needs to be done in materials processing. Mr. Merson stated that there may be efficiencies if materials can be processed faster. Ms. Lustig stated that the HMEO could also assist with compliance since they will be on site to help monitor. Ms. Miller stated that additional equipment would be needed to make use of the person.

Sewer Enterprise Fund

Ms. Miller stated that costs appear to be decreasing in this budget, but like the other DPW divisions, the salary increases for the positions under the collective bargaining agreement are not included. She stated that there are no significant changes. The NPDES requirements will affect the budget, and more will be known when the consultant's report is issued. She stated that there is a DSR4 requesting a Compliance Coordinator to help comply with the new regulations and the paperwork. Mr. Zimbone asked if this work should be in the Engineering division. Mr. Merson stated that the position could fit elsewhere, but the Sewer division brought the request forward, so it is included here. Mr. Reilly stated that there could be reimbursement from the other divisions. Mr. Davison stated that there will be a warrant article for general fund costs relating to storm water management.

Mr. Connelly asked where the position would fit on the organizational chart. Mr. Merson stated that the position would report to Water and Sewer Superintendent or the Engineering division. Mr. Connelly stated that he would need a decision before he could act on the request. He stated that it is premature to hire the person before the consultant's report is done. Ms. Lustig stated that the new permit will be effective on July 1, and that the data needs to be tracked then, so it needs to be done before the application is submitted. Mr. DelGaizo stated that they will have to look backward and are installing equipment now to capture data in order to address water quality.

Mr. Zimbone stated that the consultant is preparing the information for the application and the state will come up with parameters. The new person will collect data about where the Town is in meeting the requirements. He stated that Mr. Connelly's point is that it makes sense to wait to see what is required of the Town before hiring someone. Mr. Reilly asked if the consultant would work with other towns to learn from their experiences. Mr. DelGaizo stated that they have done some public outreach and are looking at other municipalities. He stated that the consultant is not working on the report but on the permit application. They already know the reporting requirements.

Mr. Zimbone asked for an update on the I/I program. Mr. DelGaizo stated that they are keeping up with the I/I, and that they have done significant work at Needham Crossing. He stated that they have identified issues and are seeking funding to repair them. Ms. Lustig stated that they are working on performance metrics to measure progress. Mr. Zimbone asked for a report on the specific progress of the I/I work.

Water Enterprise Fund

Ms. Miller stated that the Water Enterprise fund budget covers NIPEA positions for which salary increases are not known and not included. She stated that there are increases in Professional and Technical expenses for water meter testing. She stated that the work could not be done within the operating budget, so they are requesting an increase in order to make sure water meters are working. She stated that a financial warrant article may be appropriate for the work. She stated that there is also a budget increase for trench restoration work in case of a major water main break. She stated that vehicle repair costs were reallocated in this budget, similar to what was done in other budgets. She stated that the DSR3 shows the funds transferred for drains. She stated that water usage is not increasing despite more users, so it must be more efficient. Ms. Lustig stated that there was an overtime program five days per week in May and June to find outdoor watering violations. Mr. Zimbone asked for the data on the number of violations and fines for sprinkler violations. Mr. Merson stated that 50 were challenged in court.

Finance Committee Updates

Mr. Reilly stated that the School Department has suggested some budget cuts similar to recent years. He stated that at the School Committee meeting, the Superintendent listed approximately \$480K of cuts, bringing the increase to under 5%. He stated that there is still the question of whether that is enough.

Mr. Zimbone asked Mr. Davison for an update on revenue. Mr. Davison stated that the Town Manager's budget next week will show revenue projections. He stated that the Town Manager will provide an overview to the Board of Selectmen next week. He stated that state aid is a wild card. He assumes it will be level funded. He expects there will be no change before Town Meeting. He stated that there have been no mid-year reductions to revenue assumptions in FY16 or FY17. He stated that the Governor, with his experience, understands not to reduce funding that is pledged to municipalities. Mr. Davison stated that because it is not an election year, he does not expect any increase to local aid. He stated that despite what the Governor proposes, there is still the legislative process.

Mr. Zimbone asked about other sources of income. Mr. Davison stated that he expects growth in other revenue sources similar to property tax growth, which is good but the rate of growth has been declining for several years. He does not expect a reversal of that trend until FY20 or FY21.

Mr. Zimbone stated that he spoke to the Town Manager about the Memorial Park building working group that was mentioned at last week's meeting. He stated that the Chairs meeting has been set to discuss the building. He stated that the working group includes two representatives of the PPBC, Matt Borrelli and Jim Healy. Mr. Zimbone stated that he also spoke with the Town Manager about separating the High School chiller and boiler from the warrant article on the classroom expansion project. She was somewhat amenable.

Mr. Zimbone stated that the Town Manager stated that the Town is considering property acquisitions at the sites of the Police and Fire station and Fire Station 2 to facilitate construction. He stated that there is also the potential for a significant project at Needham Crossing with a tenant that could qualify for tax increment financing. He stated that there may be a need for a Special Town Meeting in March to address this.

Adjournment

MOVED: By Ms. Miller that the Finance Committee meeting be adjourned, as there was no further business. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved by a vote of 7-0, at approximately 8:38 p.m.

Documents: Department Spending Requests FY2018; Public Works Department Organizational Chart.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved February 1, 2017